

Amer Sports Corporation  
 INTERIM REPORT  
 April 27, 2017 at 1:00 p.m.

## Amer Sports Corporation Interim Report January–March 2017

### JANUARY–MARCH 2017

- Net sales EUR 661.6 million (January-March 2016: 635.5), up by 4%. In local currencies, net sales increased by 2%.
- Gross margin 45.3% (47.4). The decline was due to less favorable USD hedges compared to early 2016.
- EBIT excluding items affecting comparability (IAC) EUR 38.2 million (46.0). Items affecting comparability were EUR -6.7 million (-6.3).
- Earnings per share excluding IAC EUR 0.21 (0.24).
- Free cash flow after investing activities EUR 53.9 million (32.8).
- Outlook for 2017 updated.

### OUTLOOK FOR 2017

In 2017, Amer Sports' net sales in local currencies are expected to increase from 2016, despite short-term market softness. EBIT excl. IAC is expected to be approximately at the level of 2016.

The growth in 2017 is expected to be biased to the second half of the year. EBIT excl. IAC includes further accelerated investment into the company's transformation toward omni-channel and digital to win in the fast changing market place. The company will continue to focus on growing the core business and the five prioritized areas: Apparel and Footwear, US, China, Business to Consumer, as well as digitally connected devices and services.

### KEY FIGURES

EUR million	1–3/2017	1–3/2016	2016
Net sales	661.6	635.5	2,622.1
Gross profit	299.6	301.5	1,213.5
Gross profit %	45.3	47.4	46.3
EBITDA excl. IAC*)	57.4	61.3	281.7
EBIT excl. IAC	38.2	46.0	221.7
EBIT % excl. IAC	5.8	7.2	8.5
IAC**)	-6.7	-6.3	-16.9
EBIT	31.5	39.7	204.8
EBIT %	4.8	6.2	7.8
Financing income and expenses	-5.2	-7.9	-31.8
Earnings before taxes	26.3	31.8	173.0
Net result	19.5	23.2	126.9
Earnings per share excl. IAC, EUR	0.21	0.24	1.18
Free cash flow***)	53.9	32.8	64.4
Equity ratio, % at period end	36.8	35.6	36.9
Net debt/equity at period end	0.61	0.63	0.53
Personnel at period end	8,617	8,289	8,526
Average rates used, EUR/USD	1.06	1.10	1.11

\*) EBITDA excl. IAC = EBIT excluding items affecting comparability and depreciation and amortization

\*\* ) Items affecting comparability are material items or transactions, which are relevant for understanding the financial performance of Amer Sports when comparing profit of the current period with previous periods. These items can include, but are not limited to, capital gains and losses, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Amer Sports' management view. A single item affecting comparability has to represent more than one cent per share on annual basis.

\*\*\*) *Cash flow from operating activities - net capital expenditures – change in restricted cash (Net capital expenditures: Total capital expenditure less proceeds from sale of assets).*

**HEIKKI TAKALA, PRESIDENT AND CEO:**

In the first quarter, we delivered solid growth despite the soft retail landscape especially in the US. We continued to successfully accelerate in Apparel, own retail, e-commerce, and China. We made strong progress in Winter Sports Equipment, and started to rebound in Fitness. And we continued to gain market shares in several categories, most notably performance tennis. Whilst we did not deliver target performance in Sports Instruments and Cycling, we continued to strengthen our new product development with exciting initiatives in the pipeline. On Gross Margin, we achieved our target level of 45+%. Our higher Gross Margin in early 2016 was impacted by extraordinarily favorable hedges.

As the market place and the consumer habits and practices are changing rapidly, we are further accelerating our investment into the omni-channel and digital transformation of the company. This will give us longer term benefits but weigh in our short-term profitability. We continue to execute at the maximum speed, guided by our strategic glidepath and priorities.

**For further information, please contact:**

Heikki Takala, President and CEO, tel. +358 20 712 2510

Jussi Siitonen, CFO, tel. +358 20 712 2511

Päivi Antola, Director, Corporate Communications and IR, tel. +358 20 712 2537

**CONFERENCE CALL**

A conference call for investors and analysts will be held at 3:00 p.m. Finnish time. To participate, please call +44 (0) 20 7572 1187 or +49 (0) 69 2222 4998, PIN 34112398#.

The call can also be followed live via [www.amersports.com](http://www.amersports.com) or <https://amersports.videosync.fi/financialstatements-q1-2017>.

A replay and a transcript will be available later at the same address. The replay dial-in number is +44 20 3426 2807 or +49 69 2222 339 85, conference number 681843#.

**SECOND QUARTER RESULTS BULLETIN**

Amer Sports will publish its Q2/2017 results bulletin on Thursday, July 27, 2017 at approximately 1:00 p.m. Finnish time.

**INVESTOR RELATIONS NEWSLETTER**

Subscribe to Amer Sports Investor Relations Newsletter at [www.amersports.com/investors/subscribe](http://www.amersports.com/investors/subscribe).

**DISTRIBUTION**

Nasdaq Helsinki, main media, [www.amersports.com](http://www.amersports.com)

**AMER SPORTS**

Amer Sports ([www.amersports.com](http://www.amersports.com)) is a sporting goods company with internationally recognized brands including Salomon, Wilson, Atomic, Arc'teryx, Mavic, Suunto and Precor. The company's technically advanced sports equipment, footwear and apparel improve performance and increase the enjoyment of sports and outdoor activities. The Group's business is balanced by its broad portfolio of sports and products and a presence in all major markets. Amer Sports shares are listed on the Nasdaq Helsinki stock exchange (AMEAS).

## Interim Report January–March 2017

### NET SALES AND EBIT

Amer Sports' net sales in January–March 2017 were EUR 661.6 million (January–March 2016: 635.5). In a challenging trading environment, net sales increased by 2% in local currencies.

#### Net sales by operating segment

EUR million	1–3/ 2017	1–3/ 2016	Change %	Change %*)	% of sales 2017	2016
Outdoor	396.2	374.4	6	4	60	1,601.8
Ball Sports	184.9	186.7	-1	-4	28	671.1
Fitness	80.5	74.4	8	6	12	349.2
Total	661.6	635.5	4	2	100	2,622.1

\*) Change in local currencies

#### Geographic breakdown of net sales

EUR million	1–3/ 2017	1–3/ 2016	Change %	Change %*)	% of sales 2017	2016
EMEA	289.5	278.9	4	3	44	1,133.7
Americas	276.0	267.1	3	-1	42	1,116.0
Asia Pacific	96.1	89.5	7	5	14	372.4
Total	661.6	635.5	4	2	100	2,622.1

\*) Change in local currencies

Gross margin was 45.3% (47.4). The decline was due to less favorable USD hedges compared to early 2016.

EBIT excl. items affecting comparability (IAC) was EUR 38.2 million (46.0). Items affecting comparability were EUR -6.7 million due to the ongoing restructuring programs. Increased sales in local currencies contributed to EBIT by approximately EUR 6 million. Declined gross margin had a negative impact of approximately EUR 15 million on EBIT. Operating expenses increased by approximately EUR 2 million. Currencies and other income and expenses had a positive impact of approximately EUR 3 million on EBIT. EBIT was EUR 31.5 million (39.7).

#### EBIT excluding IAC by operating segment

EUR million	1–3/ 2017	1–3/ 2016	Change %	2016
Outdoor	28.8	37.7	-24	196.9
Ball Sports	16.5	19.0	-13	44.8
Fitness	0.7	0.3		17.0
Headquarters*)	-7.8	-11.0		-37.0
EBIT excl. IAC	38.2	46.0	-17	221.7
IAC	-6.7	-6.3		-16.9
EBIT	31.5	39.7	-21	204.8

\*) The Headquarters consists of Group digital service development, administration, shared services, other non-operational income and expenses, and fair valuation of share-based compensations.

#### Reconciliation of EBIT excluding IAC

	1-3/2017	1-3/2016	2016
EBIT	31.5	39.7	204.8
Items affecting comparability			
Significant write-down of the receivable balance from a U.S. sporting goods retailer	-	6.3	6.3

Restructuring program 2016	6.7	-	10.6
EBIT excl. IAC	38.2	46.0	221.7

Net financial expenses totaled EUR 5.2 million (7.9), including net interest expenses of EUR 7.9 million (7.5). Net foreign exchange gains were EUR 0.6 million (gains 0.7). Other financing gains were EUR 2.1 million (expenses 1.1). Earnings before taxes totaled EUR 26.3 million (31.8) and taxes were EUR 6.8 million (8.6). Earnings per share excl. IAC were EUR 0.21 (0.24). Earnings per share were EUR 0.17 (0.20).

### CASH FLOW AND FINANCING

In January-March, net cash flow after investing activities (free cash flow) was EUR 53.9 million (32.8). Working capital decreased by EUR 38.7 million (13.4). Inventories decreased by EUR 20.6 million (8.1) and receivables by EUR 67.6 million (94.4). Payables decreased by EUR 49.5 million (89.1).

At the end of March, the Group's net debt amounted to EUR 562.3 million (March 31, 2016: 538.3).

Interest-bearing liabilities amounted to EUR 857.6 million (March 31, 2016: 831.2) consisting of short-term debt of EUR 14.6 million and long-term debt of EUR 843.0 million. The average interest rate on the Group's interest-bearing liabilities was 2.4% (March 31, 2016: 2.3%).

At the end of the quarter Amer Sports had not issued any commercial papers in the Finnish market (March 31, 2016: 49.9). The total size of the commercial paper program is EUR 500 million.

Cash and cash equivalents totaled EUR 295.3 million (March 31, 2016: 292.9).

Amer Sports had not used its EUR 150 million committed revolving credit facility at the end of the review period.

The equity ratio at the end of the March was 36.8% (March 31, 2016: 35.6) and net debt/equity was 0.61 (March 31, 2016: 0.63).

### CAPITAL EXPENDITURE AND INVESTMENTS

The Group's capital expenditure totaled EUR 18.8 million (17.6). Depreciation totaled EUR 19.2 million (15.3). In 2017, capital expenditure is expected to be approximately 3.5% of net sales.

### OPERATING SEGMENT REVIEWS

#### OUTDOOR

EUR million	1-3/2017	1-3/2016	Change %	Change %*)	2016
Net sales					
Footwear	156.6	152.5	3	2	490.5
Apparel	124.4	104.5	19	14	431.1
Winter Sports Equipment	52.1	43.4	20	18	388.5
Cycling	37.7	39.7	-5	-6	150.2
Sports Instruments	25.4	34.3	-26	-26	141.5
Net sales, total	396.2	374.4	6	4	1,601.8
EBIT excl. IAC	28.8	37.7	-24		196.9
EBIT % excl. IAC	7.3	10.1			12.3
Personnel at period end	5,785	5,350	8		5,619

\*) Change in local currencies

Outdoor net sales in the review period were EUR 396.2 million (374.4), an increase of 4% in local currencies. The wholesale market, especially in the US, continued to be challenging with high trade inventories, impacting particularly Footwear and Cycling. At the same time, own retail and e-commerce continued to perform well.

Apparel 14% growth was driven by Arc'teryx. Winter Sports Equipment sales growth of 18% was supported by good snow conditions in many key markets. Sports Instruments sales declined by 26% due to timing of product launches.

In March, Amer Sports acquired Armada, the iconic US ski brand, with annual net sales of approximately USD 10 million. Armada will be integrated into Amer Sports Winter Sports Equipment business unit.

### Geographic breakdown of net sales

EUR million	1-3/2017	1-3/2016	Change %	Change %*)	2016
EMEA	235.5	225.2	5	4	935.5
Americas	99.3	91.1	9	4	429.6
Asia Pacific	61.4	58.1	6	3	236.7
Total	396.2	374.4	6	4	1,601.8

\*) Change in local currencies

EBIT excl. IAC was EUR 28.8 million (37.7). Increased sales in local currencies contributed to EBIT by approximately EUR 7 million and decreased gross margin had a negative impact on EBIT of approximately EUR 9 million. Operating expenses increased by approximately EUR 11 million. Other income and expenses and currencies had a positive impact of EUR 4 million on EBIT.

### BALL SPORTS

EUR million	1-3/2017	1-3/2016	Change %	Change %*)	2016
Net sales					
Individual Ball Sports	88.4	89.2	-1	-3	299.8
Team Sports	96.5	97.5	-1	-4	371.3
Net sales, total	184.9	186.7	-1	-4	671.1
EBIT excl. IAC	16.5	19.0	-13		44.8
EBIT % excl. IAC	8.9	10.2			6.7
Personnel at period end	1,727	1,756	-2		1,770

\*) Change in local currencies

Ball Sports' net sales were EUR 184.9 million (186.7). In local currencies, net sales decreased by 4% due to the challenging US wholesale market and baseball de-stocking ahead of changes in bat regulations in early 2018.

### Geographic breakdown of net sales

EUR million	1-3/2017	1-3/2016	Change %	Change %*)	2016
EMEA	37.8	39.2	-4	-3	118.2
Americas	125.9	128.2	-2	-5	476.2
Asia Pacific	21.2	19.3	10	5	76.7
Total	184.9	186.7	-1	-4	671.1

\*) Change in local currencies

Ball Sports' EBIT excl. IAC was EUR 16.5 million (19.0). Decreased sales in local currencies had a negative impact on EBIT of approximately EUR 3 million and declined gross margin of approximately EUR 4 million. Operating expenses decreased by approximately EUR 4 million.

## FITNESS

EUR million	1-3/2017	1-3/2016	Change %	Change %*)	2016
Net sales	80.5	74.4	8	6	349.2
EBIT excl. IAC	0.7	0.3			17.0
EBIT % excl. IAC	0.9	0.4			4.9
Personnel at period end	878	952	-8		908

\*) Change in local currencies

Fitness' net sales were EUR 80.5 million (74.4) and grew by 6% driven by new product launches.

## Geographic breakdown of net sales

EUR million	1-3/2017	1-3/2016	Change %	Change %*)	2016
EMEA	16.2	14.5	12	16	80.0
Americas	50.8	47.8	6	2	210.2
Asia Pacific	13.5	12.1	12	10	59.0
Total	80.5	74.4	8	6	349.2

\*) Change in local currencies

EBIT excl. IAC was EUR 0.7 million (0.3). Increased sales in local currencies had a positive impact of approximately EUR 2 million on EBIT while decreased gross margin had a negative impact of approximately EUR 3 million. Operating expenses decreased by approximately EUR 2 million.

## PERSONNEL

At the end of March, the number of Group employees was 8,617 (March 31, 2016: 8,289). The increase was driven by sales and distribution.

	March 31, 2017	March 31, 2016	Change %	December 31, 2016
Outdoor	5,785	5,350	8	5,619
Ball Sports	1,727	1,756	-2	1,770
Fitness	878	952	-8	908
Headquarters and shared services	227	231	-2	229
Total	8,617	8,289	4	8,526

	March 31, 2017	March 31, 2016	Change %	December 31, 2016
EMEA	4,297	4,178	3	4,205
Americas	3,437	3,234	6	3,442
Asia Pacific	883	877	1	879
Total	8,617	8,289	4	8,526

## SHARES AND SHAREHOLDERS

The company's share capital totaled EUR 292,182,204 on March 31, 2017 and the number of shares was 118,517,285.

### Authorizations

The Annual General Meeting held on March 9, 2017 authorized the Board of Directors to decide on the repurchase of a maximum of 10,000,000 of the Company's own shares ("Repurchase Authorization"). The Company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the unrestricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the

market price prevailing at the time of acquisition. The shares shall be repurchased and paid for in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The Repurchase Authorization is valid for eighteen (18) months from the decision of the Annual General Meeting.

The Annual General Meeting held on March 9, 2017 authorized the Board of Directors to decide on issuing new shares and/or conveying the Company's own shares held by the Company as follows: By virtue of the authorization, the Board of Directors is entitled to decide on issuing new shares and/or on conveying the Company's own shares at the maximum amount of 10,000,000 shares in aggregate. The Board of Directors decides on all the conditions of the share issue. The issuance or conveyance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization includes possibility to issue shares to the Company itself without payment. The authorization is valid for two (2) years from the date of the decision of the Annual General Meeting, except that the authorization to issue new shares and/or convey the Company's own shares for purposes other than the Company's bonus schemes is valid for fourteen (14) months from the date of the decision of the Annual General Meeting.

The Annual General Meeting held on March 8, 2016 authorized the Board of Directors to decide on the repurchase of a maximum of 10,000,000 of the Company's own shares ("Repurchase Authorization"). The Company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid for in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The Repurchase Authorization is valid for eighteen (18) months from the decision of the Annual General Meeting.

The Annual General Meeting held on March 8, 2016 authorized the Board of Directors to decide on issuing new shares and/or conveying the Company's own shares held by the Company as follows: By virtue of the authorization, the Board of Directors is entitled to decide on issuing new shares and/or on conveying the Company's own shares at the maximum amount of 10,000,000 shares in aggregate. The Board of Directors decides on all the conditions of the share issue. The issuance or conveyance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization includes possibility to issue shares to the Company itself without payment. The authorization was valid for two (2) years from the date of the decision of the Annual General Meeting, except that the authorization to issue new shares and/or convey the Company's own shares for purposes other than the Company's bonus schemes was valid for fourteen (14) months from the date of the decision of the Annual General Meeting.

Apart from the above, the Board of Directors has no other authorizations to issue shares, convertible bonds or warrant programs.

**Own shares**

In February, Amer Sports Board of Directors decided to utilize the authorization given by the Annual General Meeting held on March 8, 2016 to repurchase Amer Sports shares. The repurchases started on February 13, 2017 and ended on March 14, 2017. The company repurchased a total of 700,000 shares at an average price of EUR 22.48. The number of repurchased shares corresponds to 0.59% of all shares.

Time	Amount	Total value, EUR	Purchase price (average), EUR	Purchase price (high and low), EUR
Feb 13 – Mar 14, 2017	700,000	15,739,308	22.48	22.77 and 22.12

At the end of March, Amer Sports held a total of 1,515,108 shares (939,676) of Amer Sports Corporation. The number of own shares corresponds to 1.28% (0.79) of all Amer Sports shares.

In March, a total of 175,230 Amer Sports shares were transferred to the personnel participating in the Performance Share Plan 2013, Performance Share Plan 2016 and Restricted Stock Plan 2016 incentive programs.

A total of 18,620 shares granted as share-based incentives were returned to Amer Sports during the review period.

#### **Trading in shares**

A total of 31.1 million (20.5) Amer Sports shares with a value totaling EUR 713.5 million (507.2) were traded on the Nasdaq Helsinki Ltd in the review period. Share turnover was 26.5% (17.5%) (as a proportion of the average number of shares, excluding own shares). The average daily volume in January–March 2017 was 485,314 shares (336,599).

In addition to Nasdaq Helsinki, in total 15.6 million Amer Sports shares were traded on the biggest alternative exchanges (Chi-X, BATS and Turquoise) during the review period.

The closing price of the Amer Sports Corporation share on the Nasdaq Helsinki Ltd stock exchange on March 31, 2017 was EUR 21.18 (25.55). Shares registered a high of EUR 26.36 (26.62) and a low of EUR 20.54 (22.78) during the review period. The average share price was EUR 22.97 (24.70). On March 31, 2017 the company had a market capitalization of EUR 2,478.1 million (3,004.1), excluding own shares.

At the end of March, Amer Sports Corporation had 27,050 registered shareholders (18,746). Ownership outside of Finland and nominee registrations represented 46.2% (50.5) of the company's shares.

#### **DECISIONS OF THE GENERAL MEETING OF SHAREHOLDERS**

At the Amer Sports Corporation Annual General Meeting held on March 9, 2017, the following resolutions were approved:

##### **Adoption of the annual accounts and consolidated annual accounts**

The Annual General Meeting (AGM) approved Amer Sports annual accounts and consolidated annual accounts for the financial year ended December 31, 2016.

##### **Resolution on use of the profit shown on the balance sheet and the capital repayment**

The AGM resolved that a capital repayment of EUR 0.62 per share be paid to shareholders. The capital repayment will be paid from the invested unrestricted equity fund. The capital repayment will be paid to a shareholder who is registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the capital repayment March 13, 2017. The capital repayment was paid on March 30, 2017. The AGM resolved that no dividend will be paid from the retained earnings.

##### **Resolution on the discharge of the members of the Board of Directors and the CEO from liability**

The AGM granted the members of the Board of Directors and Company's President and CEO a discharge from liability for the financial year 2016.

##### **Resolution on the remuneration of the members of the Board of Directors**

The AGM resolved that the annual remuneration payable to the members of the Board of Directors to be elected at the Annual General Meeting for the term until the close of the Annual General Meeting in 2018 be as follows: Chairman EUR 120,000, Vice Chairman EUR 70,000 and other members EUR 60,000 each. No extra remuneration is paid for attending meetings of the Board of Directors or meetings of the Committees of the Board of Directors. Of the annual remuneration, 40% is paid in the form of the Company's shares and 60% in cash. A member of the Board of Directors is not permitted to sell or transfer any of these shares during the term of his or her Board membership. However, this limitation is only valid for a maximum of five (5) years after the acquisition of the shares.

##### **Resolution on the number of the members of the Board of Directors**

The AGM confirmed that the number of the members of the Board of Directors is seven (7).

##### **Election of members of the Board of Directors**

The AGM re-elected Ilkka Brotherus, Christian Fischer, Hannu Ryöppönen, Bruno Sälzer and Lisbeth Valther as members of the Board of Directors. Manel Adell and Tamara Minick-Scokalo were elected as new members of the Board of Directors. The Board of Directors' term of service will run until the close of the 2018 Annual General Meeting.



**Resolution on the remuneration of the auditor**

The AGM decided that the auditor's fee will be paid as invoiced.

**Election of auditor**

The AGM re-elected Authorized Public Accountants Ernst & Young Oy to act as auditor of the Company.

**Amendment of the Articles of Association**

The AGM resolved that Article 4 of the Articles of Association is amended so that the age limit for the election of members of the Board of Directors is removed. In addition, the AGM resolved that Article 8, Section 9, of the Articles of Association is amended so that it corresponds to the changed terminology of the Auditing Act.

After the amendment Article 4 reads as follows:

“Article 4

Board of Directors

The administration and due arrangement of the business of the Company is the responsibility of a Board of Directors consisting of not less than five (5) and not more than eight (8) members.

In particular, the Board of Directors shall

1. supervise the activities of the Company and its subsidiaries;
2. appoint the President and determine his or her remuneration;
3. approve the appointment and remuneration of the President's direct subordinates, as well as the appointment of the presidents of the subsidiaries and their remuneration;
4. grant and revoke the authorizations to represent the Company;
5. determine granting of procurations;
6. prepare the annual report and the financial statements of the Company and sign the balance sheets; and
7. ensure the implementation of the resolutions of the General Meetings.

The term of the members of the Board of Directors shall end at the close of the first Annual General Meeting following the election.

The Board of Directors shall elect the Chairman and the Vice Chairman of the Board from among its members.

The Board of Directors shall constitute a quorum when more than half of the members are present, one of whom shall be the Chairman or Vice Chairman. The opinion which is supported by more than half of the members present, or in the event of a tie, the opinion which is supported by the Chairman shall constitute the resolution of the Board of Directors. In the event of a tie when electing the Chairman, the matter shall be decided by drawing of lots. When the meeting is attended by the minimum number of members required for a quorum, the resolutions shall, however, be unanimous.”

After the amendment Article 8, Section 9, reads as follows:

“9. one Auditor who shall be an audit firm, for a term of one financial year; and”

**Authorizing the Board of Directors to decide on the repurchase of the Company's own shares**

The AGM authorized the Board of Directors to decide on the repurchase of a maximum of 10,000,000 of the Company's own shares (“Repurchase Authorization”). The Company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the unrestricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid for in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The Repurchase Authorization is valid for eighteen (18) months from the decision of the Annual General Meeting.

**Authorizing the Board of Directors to decide on the share issue**

The AGM authorized the Board of Directors to decide on issuing new shares and/or conveying the Company's own shares held by the Company as follows: By virtue of the authorization, the Board of Directors is entitled to decide on issuing new shares and/or on conveying the Company's own shares at the maximum amount of 10,000,000 shares in aggregate. The Board of Directors decides on all the conditions of the share issue. The

issuance or conveyance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization includes possibility to issue shares to the Company itself without payment. The authorization is valid for two (2) years from the date of the decision of the Annual General Meeting, except that the authorization to issue new shares and/or convey the Company's own shares for purposes other than the Company's bonus schemes is valid for fourteen (14) months from the date of the decision of the Annual General Meeting.

#### **BOARD OF DIRECTORS' WORKING ARRANGEMENTS**

At its organizing meeting following the Annual General Meeting, Amer Sports Corporation's Board of Directors appointed Bruno Sälzer as Chairman and Ilkka Brotherus as Vice Chairman.

The Board appointed from among its members the following members to the Committees:

- Compensation and HR Committee: Lisbeth Valther (Chairman), Manel Adell, Tamara Minick-Scokalo, Ilkka Brotherus
- Nomination Committee: Ilkka Brotherus (Chairman), Bruno Sälzer, Hannu Ryöppönen
- Audit Committee: Hannu Ryöppönen (Chairman), Christian Fischer, Lisbeth Valther, Bruno Sälzer

#### **CHANGES IN GROUP STRUCTURE**

In March, Amer Sports acquired Armada, the iconic US ski brand, with annual net sales of approximately USD 10 million. The acquisition includes the Armada brand, Armada-branded products, as well as intellectual property and distribution rights. The transaction value was approximately USD 4.1 million, of which USD 2.5 million was settled with cash. Armada will be integrated into Amer Sports Winter Sports Equipment business unit. The acquisition has no material impact on Amer Sports 2017 financial results.

#### **RESTRUCTURING PROGRAM 2016**

To support the accelerated growth, Amer Sports pursues continuous productivity improvement. In addition, in August 2016 Amer Sports started a targeted restructuring to free up operating expenses of approximately EUR 20 million, which are reallocated to fund the acceleration. Restructuring expenses are EUR 20-25 million (pre-tax, reported under "Items affecting comparability"), of which EUR 10.6 million were recognized in 2016, EUR 6.7 million during the first quarter in 2017 and the remaining expenses will be recognized in the second quarter of 2017. The restructuring will be implemented by the end of 2017.

Due to the challenging market conditions, in February 2017 Amer Sports expanded the on-going cost restructuring program initiated in August 2016, with the objective to reduce operating expenses worth approximately 100 EBIT margin basis points in the coming 24 months.

#### **SIGNIFICANT SHORT-TERM RISKS AND UNCERTAINTIES**

Amer Sports' business is balanced by its broad portfolio of sports and brands, the increasing share of apparel and footwear in the company portfolio as well as the company's presence in all major markets. Short-term risks for Amer Sports are particularly associated with general economic conditions and consumer demand development, the ability to compete successfully against existing or new competitors and the ability to identify and respond to constantly shifting trends, to leverage technology advancements and to develop new and appealing products.

Further information on the company's business risks and uncertainty factors is available at [www.amersports.com/investors](http://www.amersports.com/investors).

#### **OUTLOOK FOR 2017**

In 2017, Amer Sports' net sales in local currencies are expected to increase from 2016, despite short-term market softness. EBIT excl. IAC is expected to be approximately at the level of 2016.

The growth in 2017 is expected to be biased to the second half of the year. EBIT excl. IAC includes further accelerated investment into the company's transformation toward omni-channel and digital to win in the fast changing market place. The company will continue to focus on growing the core business and the five

prioritized areas: Apparel and Footwear, US, China, Business to Consumer, as well as digitally connected devices and services.

**The earlier outlook published in the 2016 Financial Statements was as follows:**

In 2017, Amer Sports' net sales in local currencies are expected to increase from 2016, despite short-term market softness. The growth is expected to be biased to the second half of the year. The company will continue to focus on growing the core business and the five prioritized areas: Apparel and Footwear, US, China, Business to Consumer, as well as digitally connected devices and services.

## TABLES

The notes are an integral part of consolidated interim financial information.

Unaudited

EUR million

### CONSOLIDATED RESULTS

	1-3/2017	1-3/2016	Change %	2016
<b>NET SALES</b>	661.6	635.5	4	2,622.1
Cost of goods sold	-362.0	-334.0		-1,409.7
License income	1.3	1.8		6.8
Other operating income	1.8	0.8		8.8
Research and development expenses	-26.8	-22.3		-97.5
Selling and marketing expenses	-195.0	-184.4		-731.1
Administrative and other expenses	-49.4	-57.7		-194.6
<b>EARNINGS BEFORE INTEREST AND TAXES</b>	31.5	39.7	-21	204.8
% of net sales	4.8	6.2		7.8
Financing income and expenses	-5.2	-7.9		-31.8
<b>EARNINGS BEFORE TAXES</b>	26.3	31.8	-17	173.0
Taxes	-6.8	-8.6		-46.1
<b>NET RESULT</b>	19.5	23.2	-16	126.9
Attributable to:				
Equity holders of the parent company	19.5	23.2		126.9
Earnings per share, EUR	0.17	0.20		1.08
Earnings per share, diluted, EUR	0.17	0.20		1.07
Adjusted average number of shares in issue less own shares, million	117.4	117.4		117.5
Adjusted average number of shares in issue less own shares, diluted, million	117.7	117.8		118.1
Equity per share, EUR	7.92	7.29		8.53
ROCE, % *)	14.3	16.1		14.9
ROE, %	8.1	10.3		13.0
Average rates used: EUR 1.00 = USD	1.0646	1.1023		1.1071

\*) 12 months' rolling average

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-3/2017	1-3/2016	2016
Net result	19.5	23.2	126.9
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement effects of postemployment benefit plans	-3.1	-9.9	-8.9
Income tax related to remeasurement effects	1.1	2.9	-3.2
Items that may be reclassified to profit or loss			
Translation differences	8.4	-12.1	16.1

Cash flow hedges	-19.3	-41.7	-20.0
Income tax related to cash flow hedges	3.8	8.3	4.0
Other comprehensive income, net of tax	-9.1	-52.5	-12.0
Total comprehensive income	10.4	-29.3	114.9

**Total comprehensive income attributable to:**

Equity holders of the parent company	10.4	-29.3	114.9
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**NET SALES BY OPERATING SEGMENT**

	1-3/2017	1-3/2016	Change %	2016
Outdoor	396.2	374.4	6	1,601.8
Ball Sports	184.9	186.7	-1	671.1
Fitness	80.5	74.4	8	349.2
Total	661.6	635.5	4	2,622.1

**GEOGRAPHIC BREAKDOWN OF NET SALES**

	1-3/2017	1-3/2016	Change %	2016
EMEA	289.5	278.9	4	1,133.7
Americas	276.0	267.1	3	1,116.0
Asia Pacific	96.1	89.5	7	372.4
Total	661.6	635.5	4	2,622.1

**EBIT EXCLUDING ITEMS AFFECTING COMPARABILITY (IAC) BY OPERATING SEGMENT**

	1-3/2017	1-3/2016	Change %	2016
Outdoor	28.8	37.7	-24	196.9
Ball Sports	16.5	19.0	-13	44.8
Fitness	0.7	0.3		17.0
Headquarters*)	-7.8	-11.0		-37.0
EBIT excluding IAC	38.2	46.0	-17	221.7
IAC	-6.7	-6.3		-16.9
EBIT	31.5	39.7	-21	204.8

\*) The Headquarters consists of Group digital service development, administration, shared services, other non-operational income and expenses, and fair valuation of share-based compensations.

**CONSOLIDATED CASH FLOW STATEMENT**

	Note	1-3/2017	1-3/2016	2016
Earnings before interest and taxes		31.5	39.7	204.8
Adjustments to cash flow from operating activities and depreciation		19.6	17.4	63.2
Change in working capital		38.7	13.4	-57.5
Cash flow from operating activities before financing items and taxes		89.8	70.5	210.5
Interest paid and received		-6.3	-9.8	-27.3
Income taxes paid and received		-6.9	-10.3	-32.9
Net cash flow from operating activities		76.6	50.4	150.3
Acquired operations		-2.3	-45.3	-56.8
Capital expenditure on non-current tangible and intangible assets		-18.8	-17.6	-91.7
Proceeds from sale of tangible non-current assets		-	-	0.6
Net cash flow from investing activities		-21.1	-62.9	-147.9

Repurchase of own shares		-15.7	-	-
Capital repayment/dividends paid	3	-66.2	-64.7	-64.7
Change in debt and other financing items		-43.3	39.3	92.8
Net cash flow from financing activities		-125.2	-25.4	28.1
Cash and cash equivalents on January 1		364.0	331.4	331.4
Translation differences		1.0	-0.6	2.1
Change in cash and cash equivalents		-69.7	-37.9	30.5
Cash and cash equivalents on March 31/December 31		295.3	292.9	364.0

Free cash flow \*) 53.9 32.8 64.4

\*) Cash flow from operating activities – net capital expenditures – change in restricted cash  
 Net capital expenditure = total capital expenditure less proceeds from sale of assets

### CONSOLIDATED BALANCE SHEET

	Note	March 31, 2017	March 31, 2016	December 31, 2016
<b>Assets</b>				
Goodwill		370.1	335.0	373.4
Other intangible non-current assets		333.4	309.8	332.3
Tangible non-current assets		214.9	209.8	226.0
Other non-current assets		118.5	126.1	119.8
Inventories and work in progress		490.7	471.1	513.6
Current tax receivables		11.4	2.4	17.4
Other receivables		684.3	658.4	768.6
Cash and cash equivalents		295.3	292.9	364.0
Total assets	2	2,518.6	2,405.5	2,715.1
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity		926.7	857.1	1,003.1
Long-term interest-bearing liabilities		843.0	724.8	846.2
Other long-term liabilities		137.3	137.2	136.7
Current interest-bearing liabilities		14.6	106.4	53.7
Current tax liabilities		26.2	19.6	32.1
Other current liabilities		529.8	526.2	603.6
Provisions		41.0	34.2	39.7
Total shareholders' equity and liabilities		2,518.6	2,405.5	2,715.1
Equity ratio, %		36.8	35.6	36.9
Gearing, %		61	63	53
EUR 1.00 = USD		1.0691	1.1432	1.0541



**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Note	Share capital	Premium fund	Fund for own shares	Translation differences	Fair value and other reserves	Remeasurements	Invested unrestricted equity reserve	Retained earnings	Total
Balance at Jan. 1, 2016		292.2	12.1	-18.1	17.0	43.8	-35.1	163.1	474.6	949.6
<b>Other comprehensive income:</b>										
Translation differences					-12.1					-12.1
Cash flow and fair value hedges						-41.7				-41.7
Income tax related to OCI						8.3	2.9			11.2
Remeasurement effects of postemployment benefit plans							-9.9			-9.9
Net result									23.2	23.2
Total comprehensive income					-12.1	-33.4	-7.0		23.2	-29.3
<b>Transactions with owners:</b>										
Share-based incentive program				3.2					-1.7	1.5
Dividend distribution	3								-64.7	-64.7
Balance at March 31, 2016		292.2	12.1	-14.9	4.9	10.4	-42.1	163.1	431.4	857.1
Balance at Jan. 1, 2017		292.2	12.1	-15.5	33.1	27.8	-47.2	163.1	537.5	1,003.1
<b>Other comprehensive income:</b>										
Translation differences					8.4					8.4
Cash flow and fair value hedges						-19.3				-19.3
Income tax related to OCI						3.8	1.1			4.9
Remeasurement effects of postemployment benefit plans							-3.1			-3.1
Net result									19.5	19.5
Total comprehensive income					8.4	-15.5	-2.0		19.5	10.4
<b>Transactions with owners:</b>										
Repurchased own shares				-15.7						-15.7
Share-based incentive program				2.1				1.3	-1.8	1.6
Capital repayment	3							-72.7		-72.7
Balance at March 31, 2017		292.2	12.1	-29.1	41.5	12.3	-49.2	91.7	555.2	926.7

**QUARTERLY BREAKDOWN OF NET SALES AND EBIT EXCLUDING IAC**

	Q1/ 2017	Q4/ 2016	Q3/ 2016	Q2/ 2016	Q1/ 2016	Q4/ 2015	Q3/ 2015	Q2/ 2015
<b>NET SALES</b>								
Outdoor	396.2	490.7	505.7	231.0	374.4	501.9	476.6	209.7
Ball Sports	184.9	171.9	147.0	165.5	186.7	165.7	147.8	169.4
Fitness	80.5	109.8	84.1	80.9	74.4	116.1	89.3	82.0
Total	661.6	772.4	736.8	477.4	635.5	783.7	713.7	461.1
	Q1/ 2017	Q4/ 2016	Q3/ 2016	Q2/ 2016	Q1/ 2016	Q4/ 2015	Q3/ 2015	Q2/ 2015
<b>EBIT</b>								
Outdoor	28.8	69.7	105.5	-16.0	37.7	65.6	92.9	-18.7
Ball Sports	16.5	12.8	5.3	7.7	19.0	8.2	8.8	11.3
Fitness	0.7	6.8	5.4	4.5	0.3	15.7	9.1	5.1
Headquarters	-7.8	-8.0	-9.7	-8.3	-11.0	-5.5	-7.3	-6.7
EBIT excluding IAC	38.2	81.3	106.5	-12.1	46.0	84.0	103.5	-9.0
IAC	-6.7	-8.2	-2.4	-	-6.3	-	-	-6.6
EBIT	31.5	73.1	104.1	-12.1	39.7	84.0	103.5	-15.6

**THE NOTES TO THE FINANCIAL STATEMENTS**
**ACCOUNTING POLICIES**

The interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting and in compliance with IFRS standards and interpretations in force as at January 1, 2017 as adopted by the EU. The IFRS recognition and measurement principles as described in the annual financial statements for 2016 have also been applied in the preparation of the interim financial information.

From January 1, 2018 Amer Sports will adopt IFRS 9 and IFRS 15.

**IFRS 9 Financial Instruments:** During 2017 Amer Sports will assess the effect of IFRS 9 on its consolidated financial statements and expects that changes will arise from the expected credit loss model.

**IFRS 15 Revenue from Contracts with Customers:** During 2016 Amer Sports performed a preliminary assessment of the implications of IFRS 15. Amer Sports continues to assess individual contracts to determine IFRS 15 related changes during 2017 and will adopt IFRS 15 using the full retrospective method.

Some contracts that Amer Sports has with its customers provide a right of return and trade discounts and give rise to variable consideration under IFRS 15. The current provisions for deferred revenue will be required to be estimated at contract inception. Amer Sports expects more revenue being deferred under IFRS 15 than is under current IFRS.

The customer loyalty programmes offered within Amer Sports B2C business are expected to give rise to a separate performance obligation as they generally provide a material right to the consumer. Amer Sports will allocate a portion of the transaction price to the loyalty programme points based on relative stand-alone selling prices instead of the allocation using the fair value of points issued. At the current level of activity of the customer loyalty programmes, no material change is expected on the revenue recognition.

Amer Sports provides installation services in its Fitness segment. Currently the revenue from the installation services has been netted against the related expenses. As Amer Sports acts as the principal in rendering the installation services, netting of the revenue and expenses is no longer applicable according to IFRS 15. Amer Sports has assessed that the services are satisfied over time and will continue to recognize revenue for these service contracts over time rather than at a point of time. Amer Sports expects to report more service related revenue and expenses under IFRS 15, whereas no impact is expected on the EBIT.



In 2016 Amer Sports has developed account structures, accounting policies and procedures and planned ERP changes to collect and disclose the required information according to IFRS 15, and continues with the implementation in 2017.

**IFRS 16 Leases:** Amer Sports will adopt IFRS 16 from January 1, 2019 provided that the standard is approved by the EU. IFRS 16 will have significant implications on the recognition of the lease expenses, non-current assets, interest-bearing liabilities as well as on the key financial ratios. Due to the great number of lease contracts and related liabilities Amer Sports expects to report significant increases in leasing assets and leasing liabilities. The off-balance sheet operating lease commitments as of March 31, 2017 were EUR 246.8 million. The number of agreements recognized in the balance sheet under IFRS 16 may differ from the number of agreements recognized as operating lease commitments as the concept of agreements disclosed as lease commitments is somewhat different from the concept used in IFRS 16. In 2017 Amer Sports assesses the effect of IFRS 16 on its consolidated financial statements on a more detailed level.

## 2. SEGMENT INFORMATION

Amer Sports has three operating segments: Outdoor, Ball Sports and Fitness.

The accounting policies for segment reporting do not differ from the Group's accounting policies. However, the decisions concerning assessing the performance of segments and allocation of resources to the segments are based on segments' net sales and earnings before interest and taxes excluding items affecting comparability (EBIT excluding IAC). The chief operating decision maker of Amer Sports is President and CEO, who is assisted by the Executive Board.

There were no intersegment business operations during the reported periods.

	Net sales	EBIT	Financing income and expenses	Earnings before taxes	Assets
<b>1-3/2017</b>					
Outdoor	396.2	28.8			1,139.1
Ball Sports	184.9	16.5			525.8
Fitness	80.5	0.7			352.0
Segments, total	661.6	46.0			2,016.9
IAC		-6.7			
Headquarters		-7.8	-5.2		501.7
Group total	661.6	31.5	-5.2	26.3	2,518.6
<b>1-3/2016</b>					
Outdoor	374.4	37.7			1,018.5
Ball Sports	186.7	19.0			520.3
Fitness	74.4	0.3			319.1
Segments, total	635.5	57.0			1,857.9
IAC		-6.3			
Headquarters		-11.0	-7.9		547.6
Group total	635.5	39.7	-7.9	31.8	2,405.5
<b>1-12/2016</b>					
Outdoor	1,601.8	196.9			1,224.4
Ball Sports	671.1	44.8			524.6
Fitness	349.2	17.0			377.4
Segments, total	2,622.1	258.7			2,126.4
IAC		-16.9			
Headquarters		-37.0	-31.8		588.7
Group total	2,622.1	204.8	-31.8	173.0	2,715.1

### GEOGRAPHIC BREAKDOWN OF NET SALES

	1-3/ 2017	1-3/ 2016	2016
EMEA	289.5	278.9	1,133.7
Americas	276.0	267.1	1,116.0
Asia Pacific	96.1	89.5	372.4
Total	661.6	635.5	2,622.1

### 3. CAPITAL REPAYMENT/DIVIDENDS

Relating to the year ending on December 31, 2016, the capital repayment distributed to the shareholders of Amer Sports Corporation were EUR 0.62 per share and amounted in total to EUR 72.7 million (2015: dividend 0.55 per share, in total 64.7 million). The capital repayment was paid out in March-April 2017.

### 4. CONTINGENT LIABILITIES AND SECURED ASSETS

	March 31, 2017	March 31, 2016	December 31, 2016
Guarantees	31.2	28.6	30.2
Liabilities for leasing and rental agreements	246.8	193.0	239.4
Other liabilities	65.9	64.5	74.2

There are no guarantees or contingencies given for the management of the company, the shareholders or the associated companies.

### 5. ONGOING LITIGATIONS

The Group has extensive international operations and is involved in a number of legal proceedings, including product liability suits. The Group does not expect the outcome of any legal proceedings currently pending to have materially adverse effect upon its consolidated results or financial position.

### 6. SEASONALITY

Although Amer Sports operates in a number of sporting goods segments during all four seasons, its business is subject to seasonal fluctuations. Historically, the third and fourth quarters of a financial year have been the strongest quarters for Amer Sports in terms of both net sales and profitability, mainly because sales of winter sports equipment ahead of the winter season typically take place during the third and fourth quarters. The summer season for ball sports balances seasonality to a certain extent, as the strongest quarters for the Ball Sports segment are the first and second quarters. Usually the net cash flow from operating activities is very strong in the first quarter when the cash inflows from the sales of winter sports equipment realizes. Especially during the third quarter, the net cash flow from operating activities is tied up in working capital.

### 7. DERIVATIVE FINANCIAL INSTRUMENTS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS MEASURED AT FAIR VALUE

The fair values of financial assets and liabilities whose fair value is recognized through income statement and derivative financial instruments used in hedge accounting are presented in the following table. All derivatives are classified as Level 2 instruments whose fair value is determined by using valuation techniques from observable market data. Available-for-sale financial assets are classified as Level 3 instruments and valued by using valuation techniques without any observable market data.

The company's derivative financial instruments may include foreign exchange forward contracts and options, interest rate swaps and interest rate options and cross-currency swaps. Foreign exchange forward contracts and options are used to hedge against changes in the value of receivables, liabilities and future cash flows denominated in a foreign currency and interest rate swaps and interest rate options to hedge against the interest rate risk. Cross-currency swaps are used to hedge against changes in value of foreign currency denominated receivables and liabilities and against the interest rate risk.

Derivative financial instruments are initially and subsequently recognized at fair value. Fair values of foreign currency denominated derivatives are measured by recognizing the exchange rate difference by using the closing rates quoted by the European Central Bank on the reporting date. The future cash flows related to forward contract's interest rate differential are discounted with the relevant market interest rate yield curves on the reporting date and compared with initial interest rate differential. The time value of foreign exchange options is measured using commonly known option pricing models. The expected future cash flows of the interest rate swaps and cross currency swaps are discounted with the market interest yield curves of the currencies concerned. Interest rate options are valued by using commonly known option pricing models. The accrued interest of forward contracts, interest rate swaps and cross currency swaps are periodized over the duration of the instruments on a net basis.

The counterparty risk of the company hasn't materially changed and hence has no material effect on the valuation of the company's derivative instruments.

Available-for-sale financial assets are Level 3 instruments whose exact fair values can't be reliably measured. The fair values of available-for-sale assets are presented at bookkeeping value or a lower value if they are impaired. The fair values do not materially deviate from the bookkeeping value.

<b>March 31, 2017</b>	<b>Financial assets/liabilities at fair value through income statement</b>	<b>Derivative financial instruments used in hedge accounting</b>	<b>Available- for-sale financial assets</b>
<b>Non-current financial assets</b>			
Other non-current financial assets			0.6
Foreign exchange derivatives		1.8	
Interest rate derivatives and cross currency swaps	6.7	0.1	
<b>Current financial assets</b>			
Foreign exchange derivatives	2.4	24.5	
<b>Long-term financial liabilities</b>			
Foreign exchange derivatives		1.2	
Interest rate derivatives and cross currency swaps	16.9	3.9	
<b>Current financial liabilities</b>			
Foreign exchange derivatives	8.0	1.8	
Interest rate derivatives and cross currency swaps		1.3	
Nominal value of foreign exchange derivatives	592.0	1,295.6	
Nominal value of interest rate derivatives	135.0	240.9	
Nominal value of cross currency swaps		78.7	

<b>March 31, 2016</b>	<b>Financial assets/liabilities at fair value through income statement</b>	<b>Derivative financial instruments used in hedge accounting</b>	<b>Available- for-sale financial assets</b>
<b>Non-current financial assets</b>			
Other non-current financial assets			0.4
Foreign exchange derivatives		2.8	
Interest rate derivatives and cross currency swaps	7.7	0.2	
<b>Current financial assets</b>			
Foreign exchange derivatives	46.2	32.0	
<b>Long-term financial liabilities</b>			
Foreign exchange derivatives		5.9	
Interest rate derivatives and cross currency swaps	16.0	6.6	
<b>Current financial liabilities</b>			
Foreign exchange derivatives	42.9	9.2	
Interest rate derivatives and cross currency swaps	1.3	1.3	
Nominal value of foreign exchange derivatives	519.9	1,125.9	
Nominal value of interest rate derivatives	100.0	317.5	
Nominal value of cross currency swaps		135.3	

<b>December 31, 2016</b>	<b>Financial assets/liabilities at fair value through income statement</b>	<b>Derivative financial instruments used in hedge accounting</b>	<b>Available- for-sale financial assets</b>
<b>Non-current financial assets</b>			
Other non-current financial assets			0.4
Foreign exchange derivatives		4.5	
Interest rate derivatives and cross currency swaps	8.6	0.1	
<b>Current financial assets</b>			

Foreign exchange derivatives	4.2	38.6
<b>Long-term financial liabilities</b>		
Foreign exchange derivatives		0.4
Interest rate derivatives and cross currency swaps	21.4	3.5
<b>Current financial liabilities</b>		
Foreign exchange derivatives	10.4	4.5
Interest rate derivatives and cross currency swaps		1.0
Nominal value of foreign exchange derivatives	549.6	1,145.5
Nominal value of interest rate derivatives	135.0	242.8
Nominal value of cross currency swaps		78.5

## 8. ACQUIRED AND DIVESTED BUSINESSES

### 2017

On March 29, 2017 Amer Sports acquired the iconic US ski brand Armada with annual net sales of approximately USD 10 million. The acquisition included the Armada brand, Armada-branded products, as well as intellectual property and distribution rights. The transaction value was approximately USD 4.1 million, of which USD 2.5 million was settled with cash. Armada will be integrated into Amer Sports Winter Sports Equipment business unit. The accounting for the business combination will be finalized during 2017.

The acquisition has no material impact on Amer Sports 2017 financial results.

### 2016

On March 8, 2016 Amer Sports acquired 100% of the shares in the company ENVE Composites LLC. ENVE is a fast-growing brand in high-end carbon wheels, components, and accessories for road and mountain biking with annual sales of approximately USD 30 million. The acquisition accelerates Amer Sports Cycling business especially in the United States and provides further expansion opportunities internationally. ENVE brings capabilities in carbon technology, and it offers operational scale and synergy benefits complementing Amer Sports' cycling category.

The net cash acquisition price was USD 50 million in an all-cash transaction and was paid in March 2016. According to the purchase price allocation, the fair value of the acquired net assets was EUR 48.0 million. EUR 18.9 million of the fair value was allocated to the ENVE intangible assets including trademarks, customer relationships and technology. These assets are amortized over 10-15 years. EUR 18.5 million of the fair value was allocated to goodwill. Purchase of ENVE was treated as asset purchase in taxation and no deferred taxes were recognized.

The following fair values of the assets and liabilities of ENVE Composites LLC have been consolidated into Amer Sports' result from the acquisition date. Transaction costs of EUR 0.3 million are included in the administrative expenses of the consolidated income statement.

<b>EUR million</b>	<b>Fair value</b>
Intangible non-current assets	18.9
Goodwill	18.5
Other non-current assets	1.2
Inventories	5.7
Accounts receivables and other current assets	2.9
Cash	3.3
<b>TOTAL ASSETS</b>	<b>50.5</b>
Interest-free liabilities	2.5
<b>TOTAL LIABILITIES</b>	<b>2.5</b>
<b>NET ASSETS</b>	<b>48.0</b>
Purchase price	48.0

#### Analysis of the cash flows on the acquisition

<b>EUR million</b>	<b>Fair value</b>
Purchase price	48.0
ENVE cash	-3.3
Transaction costs	0.3
<b>Net cash flow on acquisition</b>	<b>45.0</b>

Fair value of accounts receivables was equal to book value at the date of transaction.

The ENVE sales in 2016 from the date of acquisition were EUR 20 million. The ENVE transaction including one time integration costs and amortization of intangible assets had slightly negative impact on Amer Sports' 2016 financial results.

On November 17, 2016 Amer Sports acquired EvoShield, the leading protective gear brand for baseball and softball.

EvoShield is the leading brand of protective gear for baseball and softball athletes and teams in the U.S., and the Official Protective Gear of Major League Baseball® (MLB). The annual net sales of EvoShield are approximately EUR 10 million.

The price of this selective asset acquisition was USD 9.3 million and it included the EvoShield brand, all EvoShield branded products as well as intellectual property and distribution rights. Based on preliminary purchase price allocation the fair value of acquired intangible assets such as EvoShield trademark was USD 7.3 million. The purchase accounting will be completed during 2017.

EvoShield has been integrated into Amer Sports Ball Sports business segment, which already includes the brands Wilson, Louisville Slugger, DeMarini and ATEC.

The EvoShield acquisition had no material impact on Amer Sports 2016 financial results.

#### **9. RECONCILIATION BETWEEN REPORTED EARNINGS BEFORE INTEREST AND TAXES (EBIT) AND EBIT EXCLUDING ITEMS AFFECTING COMPARABILITY (EBIT EXCLUDING IAC) COMMENTED IN THIS FINANCIAL REVIEW**

The income statement under IFRS has been adjusted by the following adjustments when reporting and commenting earnings before interest and taxes excluding items affecting comparability in this financial review.

<b>1-3/2017</b>	<b>IFRS</b>	<b>IAC</b>	<b>Income statement excl. IAC</b>
<b>NET SALES</b>	661.6	-	661.6
Cost of goods sold	-362.0	-	-362.0
Licence income	1.3	-	1.3
Other operating income	1.8	-	1.8
Research and development expenses	-26.8	-0.7	-26.1
Selling and marketing expenses	-195.0	-5.7	-189.3
Administrative and other expenses	-49.4	-0.3	-49.1
<b>EBIT</b>	<b>31.5</b>	<b>-6.7</b>	<b>38.2</b>

<b>1-3/2016</b>	<b>IFRS</b>	<b>IAC</b>	<b>Income statement excl. IAC</b>
<b>NET SALES</b>	635.5	-	635.5
Cost of goods sold	-334.0	-	-334.0
Licence income	1.8	-	1.8
Other operating income	0.8	-	0.8
Research and development expenses	-22.3	-	-22.3
Selling and marketing expenses	-184.4	-6.3	-178.1
Administrative and other expenses	-57.7	-	-57.7
<b>EBIT</b>	<b>39.7</b>	<b>-6.3</b>	<b>46.0</b>

<b>1-12/2016</b>	<b>IFRS</b>	<b>IAC</b>	<b>Income statement excl. IAC</b>
<b>NET SALES</b>	2,622.1	-	2,622.1
Cost of goods sold	-1,409.7	-1.1	-1,408.6
Licence income	6.8	-	6.8
Other operating income	8.8	-	8.8
Research and development expenses	-97.5	-2.3	-95.2
Selling and marketing expenses	-731.1	-13.1	-718.0
Administrative and other expenses	-194.6	-0.4	-194.2
<b>EBIT</b>	<b>204.8</b>	<b>-16.9</b>	<b>221.7</b>

Items affecting comparability (IAC) are material items or transactions, which are relevant for understanding the financial performance of Amer Sports when comparing profit of the current period with previous periods. These items can include, but are not limited to, capital gains and losses, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Amer Sports' management view. A single item affecting comparability has to represent more than one cent per share.

#### **10. FORMULAS AND BRIDGE CALCULATIONS OF KEY INDICATORS**

ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs) are effective from the financial year 2016. Amer Sports presents APMs to reflect the underlying business performance and to enhance comparability between financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. As of Q1 2016, Amer Sports relabeled the previously referenced "excluding non-recurring items" with "excluding items affecting comparability" (IAC). Operating segments' EBIT is reported excluding IAC. Items affecting comparability and APMs used by Amer Sports are defined in this note.

#### **EBIT excluding IAC:**

EBIT + IAC

	<b>1-3/ 2017</b>	<b>1-3/ 2016</b>	<b>2016</b>
EBIT	31.5	39.7	204.8
IAC	6.7	6.3	16.9
EBIT excluding IAC	38.2	46.0	221.7

**EBIT % excluding IAC:**

100 x  $\frac{\text{EBIT} + \text{IAC}}{\text{Net Sales}}$

ITEMS AFFECTING COMPARABILITY (IAC) are material items or transactions, which are relevant for understanding the financial performance of Amer Sports when comparing profit of the current period with previous periods. These items can include, but are not limited to, capital gains and losses, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Amer Sports' management view. A single item affecting comparability has to represent more than one cent per share.

	<b>1-3/ 2017</b>	<b>1-3/ 2016</b>	<b>2016</b>
Significant write-down of the receivable balance from a U.S. sporting goods retailer	-	6.3	6.3
Restructuring program 2016	6.7	-	10.6
Items affecting comparability total	6.7	6.3	16.9

**EARNINGS PER SHARE excluding IAC:**

Net result excluding IAC attributable to equity holders of the parent company  
Average number of shares adjusted for the bonus element of share issues

	<b>1-3/ 2017</b>	<b>1-3/ 2016</b>	<b>2016</b>
Net result	19.5	23.2	126.9
IAC	6.7	6.3	16.9
Tax effect	-1.7	-1.7	-4.5
Net result excl. IAC	24.5	27.8	139.3

**EBITDA:**

EBIT + Depreciations and amortizations

	<b>1-3/ 2017</b>	<b>1-3/ 2016</b>	<b>2016</b>
EBIT	31.5	39.7	204.8
Depreciations and amortizations	19.2	15.3	60.0
EBITDA	50.7	55.0	264.8

**EBITDA excluding IAC:**

EBIT excluding IAC + Depreciations and amortizations

	<b>1-3/</b>	<b>1-3/</b>



	<b>2017</b>	<b>2016</b>	<b>2016</b>
EBIT	31.5	39.7	204.8
IAC	6.7	6.3	16.9
Depreciations and amortization	19.2	15.3	60.0
EBITDA excl. IAC	57.4	61.3	281.7

**NET DEBT:**

Long-term and current Interest-bearing liabilities – cash and cash equivalents

	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>December 31, 2016</b>
Long-term interest-bearing liabilities	843.0	724.8	846.2
Current interest-bearing liabilities	14.6	106.4	53.7
Cash and cash equivalents	-295.3	-292.9	-364.0
NET DEBT	562.3	538.3	535.9

**NET DEBT/EBITDA:**

$$100 \times \frac{\text{Net Debt}}{\text{EBIT} + \text{Depreciations and amortizations}}$$

**NET DEBT/EBITDA excl. IAC:**

$$100 \times \frac{\text{Net Debt}}{\text{EBIT excluding IAC} + \text{Depreciations and amortizations}}$$

**FREE CASH FLOW:**

Cash flow from operating activities – net capital expenditures – change in restricted cash

	<b>1-3/ 2017</b>	<b>1-3/ 2016</b>	<b>2016</b>
Cash flow from operating activities	76.6	50.4	150.3
Net capital expenditures	-18.8	-17.6	-91.1
Restricted cash	-3.9	-	5.2
FREE CASH FLOW	53.9	32.8	64.4

**NET CAPITAL EXPENDITURE:**

Total capital expenditure on non-current tangible and intangible assets - proceeds from sale of assets

	<b>1-3/ 2017</b>	<b>1-3/ 2016</b>	<b>2016</b>
Total capital expenditure on non-current tangible and intangible assets	-18.8	-17.6	-91.7
Proceeds from sale of assets	-	-	0.6
NET CAPITAL EXPENDITURE	-18.8	-17.6	-91.1

All forecasts and estimates presented in this report are based on the management's current judgment of the economic environment. The actual results may differ significantly.

**AMER SPORTS CORPORATION**

**Board of Directors**